

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 00790 161013Z
ACTION EA-12

INFO OCT-01 ISO-00 COME-00 PRS-01 PA-01 INRE-00 SSO-00
NSCE-00 ACDA-12 CIAE-00 INR-07 IO-13 L-03 NSAE-00
EB-08 NRC-05 OES-07 SOE-02 DODE-00 DOE-11 SS-15
SP-02 USIE-00 /100 W
-----020746 161019Z /10

O 160919Z JAN 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC IMMEDIATE 399

LIMITED OFFICIAL USE MANILA 790

E. O. 11652: NA
TAGS: ENRG, RP
SUBJECT: NPC DEFENDS CONTRACT WITH WESTINGHOUSE POWER SYSTEMS FOR
NUCLEAR PLANT

REF: (A) STATE 009240, (B) STATE 011010

1. SUMMARY. THE DAILY EXPRESS CARRIED EXCERPTS FROM THE
FOX BUTTERFIELD NEW YORK TIMES ARTICLE ON WESTINGHOUSE NU-
CLEAR POWER PLANT PROJECT (REFTEL B) SUNDAY, JANUARY 15. CONRADO
DEL ROSARIO, GENERAL MANAGER, NATIONAL POWER CORPORATION, ISSUED
A PRESS STATEMENT IN RESPONSE CARRIED IN TWO PAPERS MONDAY,
JANUARY 16. DEL ROSARIO SAID EXPRESS ACCOUNT WAS ACCURATE.
IT IS REPEATED BELOW IN ITS ENTIRETY FOR INFORMATION OF
DEPARTMENT. END SUMMARY.

2. BEGIN QUOTE: CONRADO DEL ROSARIO, GENERAL MANAGER OF
THE NATIONAL POWER CORP., SAID YESTERDAY THE COST OF THE
NUCLEAR POWER PLANT IN BATAAN COMPARES FAVORABLY WITH SIMI-
LAR NUCLEAR PLANTS IN OTHER COUNTIES.

DEL ROSARIO SAID HE WELCOMES INSTRUCTIONS OF PRESIDENT
MARCOS TO ENERGY SECRETARY GERONIMO VELASCO AND SOLICITOR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 00790 161013Z

GENERAL ESTELITO MENDOZA TO CONDUCT AN INQUIRY ON INSINU-
ATIONS THAT THE NUCLEAR POWER PROJECT IS OVERPRICED.

IN THE INQUIRY, HE SAID, THE NPC WILL SHOW PROOFS
THAT THE CONTRACT WITH WESTINGHOUSE IS "ABOVE BOARD AND
ITS COSTS CAN COMPARE FAVORABLY WITH OTHER NUCLEAR PLANTS
BUILT ELSEWHERE IN THE WORLD."

"THE COST TO THE PHILIPPINES FAVORABLY EQUATES WITH WESTINGHOUSE'S SUPPLY COSTS TO SOUTH KOREA AND IS CHEAPER THAN THE COMPREHENSIVE BID COSTS SUBMITTED BY WESTINGHOUSE TO EGYPT FOR A SIMILAR SIZED PROJECT," HE SAID.

THE NPC OFFICIAL SAID THE \$1.1 BILLION CONTRACT WITH WESTINGHOUSE ELECTRIC TO BUILD THE NUCLEAR POWER PLANT IN BATAAN WAS REVIEWED BY THE US EXPORT-IMPORT BANK, WHICH PROVIDED MAJOR FINANCING FOR THE PROJECT.

"THERE CAN BE NO DOUBT THAT IN EXTENDING FINANCING TO THE PROJECT," DEL ROSARIO SAID, "THE EXPORT-IMPORT BANK FOUND THAT THE WESTINGHOUSE NUCLEAR PROJECT PRICE COST COMPARED FAVORABLY WITH SIMILAR PROJECTS EXECUTED IN OTHER PARTS OF THE WORLD."

THE BANK HAD ALSO FINANCED 11 NUCLEAR POWER PLANTS IN JAPAN,SIX IN TAIWAN AND TWO IN KOREA.

ACCORDING TO DEL ROSARIO, THE GOVERNMENT RECEIVED TWO PROPOSALS FOR THE NUCLEAR POWER PROJECT: ONE FROM GENERAL ELECTRIC AND THE OTHER FROM WESTINGHOUSE.

"WHILE BOTH GENERAL ELECTRIC AND WESTINGHOUSE ARE EQUALLY QUALIFIED AND UNASSAILABLY COMPETENT FROM THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 00790 161013Z

POINT OF VIEW OF TECHNOLOGY AND EXPERIENCE, THE WESTINGHOUSE PRESSURIZED WATER SYSTEM WAS TECHNICALLY PREFERRABLE (SIC) TO GENERAL ELECTRIC'S BOILING WATER SYSTEM EXPECIALLY ON SAFETY CONSIDERATIONS," DEL ROSARIO SAID.

MOREOVER, HE SAID, THE WESTINGHOUSE PROPOSAL WAS ON A TOTAL TURNKEY BASIS. HE SAID FOR THE FIRST PALNT A TOTAL TURNKEY PROJECT WAS THE "MOST PRUDENT APPROACH IN VIEW OF THE ABSENCE OF AVAILABLE INDIGENOUS TECHNOLOGY."

"IT IS THE EXPERIENCE WORLDWIDE THAT GREATER EFFICIENCY WHICH RESULTS IN CONSIDERABLE SAVINGS IS ATTAINED WHEN PROJECTS ARE PROSECUTED ON A SINGLE RESPONSIBILITY BASIS," HE ADDED.

DEL ROSARIO POINTED OUT THAT THE ALLEGED PHILIPPINE NATIONAL COMPUTER SYSTEM'S STUDY DID NOT INVOLVE A COMPARISON OF THE GENERAL ELECTRIC AND WESTINGHOUSE PROPOSALS.

"WHAT THE PHILIPPINE COMPUTER SYSTEM DID WERE (SIC) CASH FLOW STUDIES FOR NPC TO DETERMINE WHETHER NPC CAN AFFORD DEBT SERVICING OF A PROJECT OF THIS MAGNITUDE,"

HE SAID.

ON THE PARTICIPATION OF CERTAIN CONTRACTORS IN THE EXECUTION OF THE WESTINGHOUSE CONTRACT SUCH AS POWER CONTRACTORS INC. FOR CIVIL WORKS, ECCO-ASIA FOR MECHANICAL AND ELECTRICAL WORKS, AND CHICAGO BRIDGE FOR THE FABRICATION AND ERECTION OF THE CONTAINMENT VESSEL, DEL ROSARIO SAID SUCH COMPANIES ARE SUB-CONTRACTORS OF WESTINGHOUSE AND NPC HAS "NO PRIVACY OF CONTRACT WITH ANY ONE OF THEM".

"BEING IN TURNKEY PROJECT (SIC) NPC CONTRACT IS WITH WESTINGHOUSE ONLY," HE STRESSED.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MANILA 00790 161013Z

HE SAID ASIA INDUSTRIES INC., WHICH ASSISTED WESTINGHOUSE IN THE NEGOTIATIONS, HAS BEEN A DISTRIBUTOR OF WESTINGHOUSE IN THE PHILIPPINES SINCE 1950. WHEN NPC AND WESTINGHOUSE EXECUTED A LETTER OF INTENT ON JUNE 17, 1974, DEL ROSARIO SAID ASIA INDUSTRIES INC. WAS A WHOLLY OWNED SUBSIDIARY OF US INDUSTRIES INC., A NEW YORK BASED AMERICAN COMPANY. END QUOTE.

3. DEL ROSARIO TOLD EMBOFF THIS WILL BE THE LAST HE HAS TO SAY ON THE SUBJECT SINCE HE NOW CONSIDERS THE MATTER "SUB-JUDICE". PRESIDENT MARCOS HAS ORDERED SOLICITOR GENERAL MENDOZA AND ENERGY SECRETARY GERONIMO VELASCO TO CONDUCT A FORMAL INVESTIGATION INTO THE ALLEGATIONS OF THE "WESTERN MEDIA" CONCERNING THE NUCLEAR POWER PROJECT. THE INVESTIGATION "HAS ALREADY STARTED" (JANUARY 16, 1978).

4. DEL ROSARIO MADE IT A POINT TO REITERATE TO EMBOFF A CENTRAL POINT OF THE PRESS STATEMENT; THAT HE PERSONALLY ASSUMED IF THE WESTINGHOUSE REACTOR WAS OVERPRICED THEN EXIM BANK WOULD NOT HAVE PROVIDED FINANCING. NEWSOM

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONTRACTS, NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA00790
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780022-0879
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780160/aaaabygj.tel
Line Count: 158
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 099663e3-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 9240, 78 STATE 11010
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3770291
Secure: OPEN
Status: NATIVE
Subject: NPC DEFENDS CONTRACT WITH WESTINGHOUSE POWER SYSTEMS FOR NUCLEAR PLANT
TAGS: ENRG, RP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/099663e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014